banks for monitoring agricultural and other advances.

Major recommendations so far accepted by RBI include, inter-alia, simplification of procedures regarding loan applications, agreement/documents etc., rationalisation of internal returns of banks, delegation of powers to branch managers, introduction of composite cash credit iimits to agricultural farmers, introduction of new loan products with saving component, cash disbursement of loans, dispensation of "No Due Certificates", discretion to banks on matters relating to margin/security requirements for agricultural loans above Rs. 10,000/- etc. All scheduled commercial banks have been advised by RBI to implement the above recommendations of the Committee. Further, RBI has requested Indian Banks Association (IBA) to work out simplified application forms and documents for agricultural loans and rationalisation of internal returns by branches for adoption by all banks. Certain recommendations such as abolition of stamp duty for agricultural loans, assistance from State Governments for recovery of bank dues, matters relating to mortgage of land, dispensation of compulsory rural posting of bank officials, matters relating to subsidy linked credit etc., have been referred by RBI to the Government for consideration.

The Committee has also made certain recommendations for reforming the rural credit delivery process. These include:

(a) Freedom to commercial banks to fix rates of interest for loans of all amounts.

(b) Target for agricultural lending to be based on flow of credit through preparation of Special Agricultural Plans (SACPs).

(c) A substantial modification of Service Area Approach.

(d) A thorough review of existing system of subsidy linked loan programmes.

News-Item Regarding Income Tax Appellate Tribunal

635. SHRI KULDIP NAYYAR: Will the Minister of be FINANCE pleased to state:

(a) whether Government's attention has been drawn to an article that appeared in the Times of India (ND) dated 30th March, 1998 under the caption "Unlawful Entries cashing in on Corruption", wherein it has been stated that Income Tax Appellate Tribunal has allowed a deduction of Rs. 30 lakhs given by a builder as protection money;

(b) whether Government propose to allow such deductions if business men claim to have paid kick backs to officials for getting their work done;

(c) whether such steps amount to encouraging criminals and also loss of revenue; and

(d) if so, the steps Government propose to take to make good the loss of revenue suffered as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) In one particular case of a Builder, the Income Tax Appellate Tribunal, Mumbai has held on the facts and circumstances of the case that a sum of Rs. 30 lakhs claimed to be paid as protection money, is an allowable deduction.

(b) No. The Department has filed a Reference Application under Section 256(1) against the Income Tax Appellate Tribunal's order dated 12.11.97 for assessment year 1992-93.

(c) Question does not arise in view of (b) above.

(d) Question does not arise in view of (b) and (c) above.